

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)
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)
W. R. GRACE & CO., et al.,) Chapter 11
)
)
) Case No. 01-01139 (JJF)
Debtors.) (Jointly Administered)

Re: Docket Nos. 138, 142, 144,
Omnibus Hearing: December 16, 2002

ORDER APPROVING SETTLEMENT OF LITIGATION AND CLAIM

WHEREAS, this matter came before the Court on December 16, 2002 on the Debtors Motion, pursuant to Bankruptcy Rule 9019, seeking authority to settle the claim filed against the Debtors' estates by Edythe Kellogg and the related state court litigation entitled Kellogg v. Wayne Lamar Nussbaum and W.R. Grace Co., Case No. 01AS07626, (Sup. Ct. Sacramento, CA) (the "Kellogg Action"), the Court having heard the statements of counsel and being otherwise fully advised in the premises, it is hereby

ORDERED that the Debtors' Motion is granted and the parties to the Kellogg Action are permitted to complete the settlement of the Kellogg Action, as outlined in the Settlement Agreement¹; and it is further

ORDERED that upon payment of the Settlement Amount, the Kellogg Claim shall be withdrawn and expunged; and it is further

¹ All Capitalized terms herein shall have the meaning as set forth in the Debtors' Motion to Approve Settlement of Litigation and Claim ("Debtors' Motion") filed on December 2, 2002.

ORDERED that the Insurers shall be permitted to draw the Unsecured Letter of Credit in order to obtain the Deductible Reimbursement which the Debtors are obligated to pay under the Deductible Endorsement.

Wilmington, Delaware

Dated: December ___, 2002

Honorable Judith K. Fitzgerald
United States Bankruptcy Judge